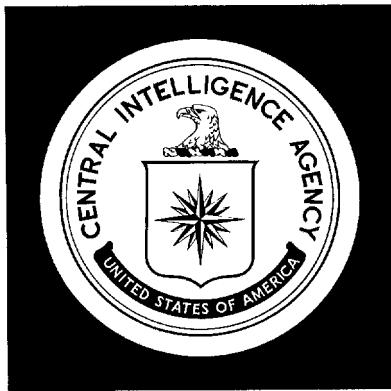


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USSR - EUROPEAN COMMUNITIES: Moscow and its East European allies are moving toward a more pragmatic approach to the EC.

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[redacted] Soviet party leader Brezhnev told the East Germans last fall that there would have to be a change in the East's heretofore negative attitude toward the EC. This Soviet position reportedly was confirmed last month by Polish party leader Gierek. He said that the Soviets and the Poles would moderate their criticism of the EC over the next few months and by May would acknowledge their acceptance of the reality of the EC. Gierek did not say what form this acceptance would take, although it probably would fall short of formal recognition.

It is unlikely that the Soviets have become any more receptive to West European integration than in the past, but a number of factors are working against a continued policy of complete non-recognition. Moscow may view such a change as one way to help Chancellor Brandt win Bundestag approval of the Eastern treaties. The opposition CDU has been arguing that Soviet opposition to the EC is one factor preventing true European detente.

The EC members on a number of occasions in the past year have warned Moscow that their common commercial policy toward the East would take full effect on 1 January 1973 and that henceforth all trade negotiations will have to be with the EC as a whole. The EC's enlargement with the accession of the UK will make it even more difficult for the Soviets to ignore the community. The Chinese have also provided additional motivation for Moscow. The Chinese recently have taken a very favorable approach to the EC and may intend to expand their contacts with it. If the Soviets are to move, they would prefer to do so before Peking.

Several of the East Europeans have negotiated informally with the EC on specific trade issues and undoubtedly favor a more pragmatic approach in the future. Romania's recent, formal request to be a

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[redacted] beneficiary of the EC's generalized preference scheme suggests that Bucharest is already taking advantage of Moscow's reassessment. East Germany is a special case. Pankow's duty-free access to the West German market was confirmed by a protocol to the EC treaty and the East Germans presumably would like to preserve this advantage. This may not be easy, given the likely resistance of some of West Germany's EC partners to sustaining this privileged relationship once inter-German relations have been "normalized." At a minimum, the East Germans would have to seek some direct contact with the EC.

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PAKISTAN: President Bhutto's agreement with opposition leaders on a timetable for ending martial law should further strengthen his hand for future negotiations with India, Bangladesh, and the Soviet Union.

Bhutto yesterday announced that the National Assembly would meet on 14 April to discuss an interim constitution for Pakistan and that martial law would be lifted on 14 August. The announcement followed three days of talks between Bhutto and the leaders of two major opposition parties in the Northwest Frontier Province and Baluchistan, including the government's most influential critic, Khan Abdul Wali Khan of the National Awami Party. The agreement appears to resolve the primary points of dispute; it could pave the way for collaboration between Bhutto and Wali Khan and even eventual participation in the cabinet by members of the National Awami Party.

This latest event follows several other major developments in recent days, including the government's unveiling of its land reform program, which attracted support among left-wing elements throughout the country, and Bhutto's sudden firing of the army and air force commanders. On 5 March, Bhutto also met with big-business leaders in Rawalpindi and announced that restrictions on travel abroad were being removed.

Thus Bhutto has taken steps to re-establish his credentials as a socialist and democrat, to consolidate his control over the military, to defuse the growing tension between his own party and its major opponents, and has made gestures of friendship toward at least two economic classes, the landless peasants and big business. All of this may well be part of an attempt to secure tranquility and support at home before launching into difficult negotiations abroad. Bhutto will visit Moscow later this month and probably will make strenuous efforts to improve relations with the

25X1. [Soviet leaders. He also anticipates an early meeting with Mrs. Gandhi and possibly also with Sheikh Mujibur Rahman in an attempt to get some 90,000 prisoners of war repatriated to Pakistan as part of an over-all South Asian peace settlement. ] 25X1



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ECUADOR: President Rodriguez Lara and his cabinet are extremely upset about recent US legislation that would prohibit assistance to Ecuador because it has seized US boats fishing more than 12 miles from shore.

The president issued a statement denouncing the action shortly after the legislation was passed.

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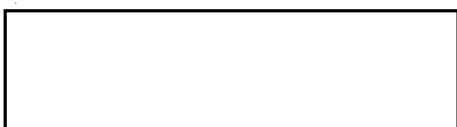
US foreign military sales are suspended until February 1973. Although the new government has not formally enunciated a position, President Rodriguez Lara implied that there would be no negotiations with the US on the fishing question unless some form of waiver or lifting of the sanctions was forthcoming.

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